UNIVERSITY OF
ILLINOIS LIBRARY
AT URBANA-CHAMPAIGN
BOOKSTACKS

The person charging this material is responsible for its return to the library from which it was withdrawn on or before the **Latest Date** stamped below.

Theft, mutilotian, ond underlining af baoks are reasons for disciplinory octian ond moy result in dismissal from the University.

Ta renew coll Telephone Center, 333-8400

UNIVERSITY OF ILLINOIS LIBRARY AT URBANA-CHAMPAIGN

DEC 16 1980
NOV 21 1980
APR 19 1983
MAR 22 1983
OCT 18 1984

L161—O-1096

.65in
.13
op.2

INSTITUTE OF LABOR AND INDUSTRIAL RELATIONS
704 S. Sixth Street
Champaign, Illinois

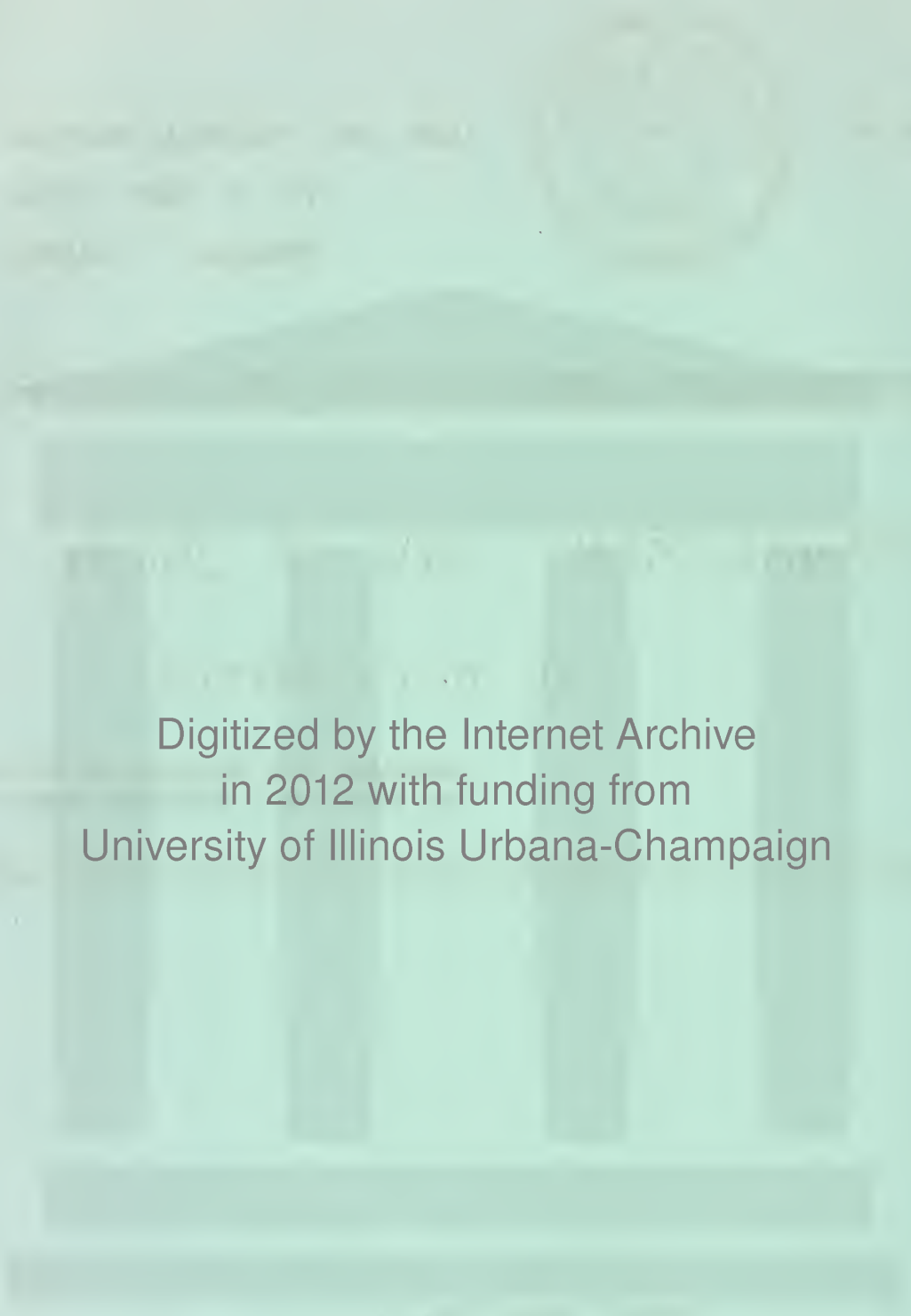
A MANAGEMENT VIEW OF UNIONS

BY A. T. CARPENTER

Assistant Vice President of Personnel
New Jersey Bell Telephone Company

LECTURE SERIES NO. 13

UNIVERSITY OF ILLINOIS



Digitized by the Internet Archive
in 2012 with funding from
University of Illinois Urbana-Champaign

http://www.archive.org/details/managementviewof13carp

I265in
no.13
cop.2

A MANAGEMENT VIEW OF UNIONS

by

A. T. Carpenter

Assistant Vice President of Personnel, New Jersey Bell Telephone Company

(Talk given at the International Brotherhood of Electrical Workers Summer School, June 27, 1957, at the Illini Union, University of Illinois, Urbana)

Mr. Chairman, ladies and gentlemen, an honest confession is supposed to be good for the soul. I must confess to some nervousness this evening because this is my first experience in a program of this type. I am reminded of the story of a woman who entered a room in a Washington hotel and saw a government figure who was scheduled to speak at a gathering that evening, pacing nervously back and forth. Addressing him by name, she said, "Do you always get nervous before you speak?" "Oh, no," he replied, "I never get nervous before I talk." "Well, then," she said, "perhaps you can explain what you're doing in the ladies room." I hasten to say that you have been most gracious in making me feel at home and my real anxiety is that what I have to say will repay you in some small measure for your time and effort in being here this evening.

It is doubly pleasant to participate in this particular summer school and I deeply appreciate the invitation. It gives me an opportunity to extend my personal acquaintance with IBEW people and I must say that the wider my acquaintance becomes the more impressed I am with the character and tone of the organization which is so well reflected in the Electrical Workers Journal. Then, I am pleased to be on the campus of this great university and to participate in a small way in its program of worker education which has a well-deserved reputation. I can think of no single

activity which can contribute more to the appreciation of the fact that although the interests of labor and management are not identical they are certainly interdependent. It is gratifying to see both labor and management turning increasingly to our universities for help in solving today's problems and preparing for those of tomorrow.

First a word or two about the subject of our discussion, "A Management View of Unions." In talking to a group of trade union people in a setting of this kind there is always the temptation for a businessman to try to endear himself by indulging in some well-tested generalities about how unions are an essential part of our social, political and economic fabric and how much they have done to promote the dignity of the workingman, etc., etc. These are the sort of things which may leave the audience with a nice warm glow, but little else, and also are fairly certain not to get the speaker in trouble with his colleagues in the business world. But they add nothing that you don't already know. Furthermore, these broad generalizations might not seem to match your day-to-day experiences in dealing with management people. It is always disconcerting to have the mirror held up and see a strange face. And so, instead, I propose to discuss some of the major problems which face management today and show how these problems affect management attitudes toward unions and union demands which you may encounter at the bargaining table and in the handling of grievances. In the last analysis most of us view our institutions in the light of our own problems. Management is no exception. Understanding a problem is a large step toward its solution and while you may not agree with the views managers take on many subjects, at least it should help to understand why they hold those views and why they behave as they do.

One Individual's View

The little word "A" in the subject of the evening was well chosen by those who planned the program because obviously what I have to say can only be one individual's view. This is because the word "Management" is a broad term and most difficult to define--like trying to define the "public" we all talk about so much and know so little about. To give you some appreciation of the difficulty, let me remind you that there are over four million firms in the country. More than two-thirds of them have less than four employees, only 8,000 have over 500 employees and somewhat less than 4,000 employ more than 1,000. They cover the whole gamut of United States industries from amusement services through the alphabet to yarn mills. These thousands of establishments are run by still more thousands of managers, each with his own industry problems, each with a particular union or no union at all. As you would expect, they have many different views of unions, conditioned by their own personal experiences and problems and study and research. Out of these there evolves in time a personal philosophy about unions and the tactics to follow in dealing with unions and perhaps the best any management representative can hope to do is express his own personal philosophy in the full knowledge that his next door neighbor probably will have a different one. These facts help explain the nice neat labels people have made up for some management tactics--Boulewareism, Fairlessness, Crawfordism, etc. They also account for the fact, which union people are quick to point out, that the pronouncements of the U. S. Chamber of Commerce and the National Association of Manufacturers frequently do not coincide with the pattern of behavior or the tactical approach or the philosophy of the individual managers who make up the organizations.

One more observation before getting down to the business at hand. My own business experience has been confined to the telephone industry and inescapably what I have to say will reflect the point of view of a regulated industry. From your standpoint that may be to the good because Professor Garman tells me that this group includes many from public utilities. Also, the New Jersey Bell Telephone Company is the largest private employer in New Jersey and the Bell System is the largest private employer in the country. Consequently, my viewpoint cannot help but be influenced by a contemplation of the problems which size itself creates. However, I shall try to escape my past sufficiently to give what I have to say some universal application.

Turning now to the main stream of our discussion, I propose to talk briefly about some of the major problem areas of management and give you my views on the impact of the unions in each area. With the possible exception of sex, the labor-management relationship produces more hasty generalizations based on inexperience than any other and I am sure that in the time available I shall be as guilty as the next fellow. The only justification I have for the order of arrangement is that I like it--it has no other significance.

1. Survival

About the time a management representative crosses that poorly defined boundary between the land of labor practitioners into the land of labor philosophers he becomes aware of the fact that the number one problem area of business is survival. Now I do not mean survival of just one particular business as a going concern, but rather of business in general as an institution in our society. Tied up with this concept of survival is the preservation of the power and vigor of the institution to promote a climate in which it can survive. Seventy short years ago sheer power appeared to

be all that mattered. Business as an institution had to learn the hard way that the phrase "business is business" as a justification for its activities is meaningless for business cannot exist apart from the social fabric of which it is a part. And so to the concept of power was added the element of prestige--not just mere negative acceptance but positive recognition as a force for good in the community, not only in the community of people but also in the community of institutions.

In labor unions, management sees a challenge to management control of the world of business and a competitor for power and prestige in the community. To survive, business has certain basic needs and feels bound to resist union action which appears to curtail freedom to meet basic responsibilities. These will vary, of course, with the degree of importance any particular management group attaches to them. It is important that union leaders understand these survival needs of business. Such understanding will tend to reduce conflicts. It is equally important that management understand the survival needs of unions for it is not a question of whether unions or business are going to be the dominant force in our society. If we are to have an industrial democracy, free unions and free management both must survive. If one or the other achieves the whip hand it will not be long until the Government will dominate both. I seriously question the wisdom of either unions or business endeavoring to assure their survival via the political route for fear both wind up the slaves of Government. The bargaining table would appear to hold more promise for both institutions.

Much progress has been made by unions in understanding the survival needs of business. In this connection I was interested recently in the results of a study by Mr. and Mrs. Rosen of this very Institute on the changing attitudes of union business agents and their growing awareness

of the dangers of jeopardizing the future for the sake of a "tremendous victory" today. Schools of this type can make a very effective contribution along this line.

2. Success

Now there are many symptoms of success but without profits all the others become rather meaningless and so profits have come to be an accepted measurement. Cynical, you may say--typical attitude of management. Well, every now and then I think it would be nice to live in a world where people did things just for the love of it but since we don't the businessman simply must make a profit. For the life of me I cannot understand why businessmen feel they have to defend the profit-making concept. Neither can I understand why some unions feel they must indulge in so much criticism of managment concerning profits to the almost certain confusion of those they represent.

It is crystal clear that a business can thrive only by providing goods or services people want at prices they can pay and which will insure a profit that will attract resources, both capital and labor to the business. This may not be as romantic as battling bacteria or saving souls but it sure is serviceable.

In unions and union demands at the bargaining table management sees a threat to success--the danger that mounting labor costs will so reduce profits that the business can no longer attract the resources it needs to continue to be serviceable. And so you are bound to meet resistance at the bargaining table to so-called economic demands--those that increase unit labor costs. And the larger the increase, or the more unpredictable the long-run costs, the greater the resistance will be.

This concern with the long-run profitability of the enterprise explains why, for example, businesses with fluctuating and unpredictable incomes cannot guarantee a fixed schedule of health and welfare benefits but limit themselves to a fixed contribution for every hour worked. While no responsible management representative expects labor to subsidize a marginal or dying enterprise, it does seem reasonable to expect that labor will not push ahead so fast as to kill the proverbial goose.

If meeting labor costs were simply a matter of writing out new price tags, the life of the businessman would be greatly simplified. Unfortunately, such is not the case. In those areas where prices are not regulated the businessman must keep a wary eye cocked on both the consumer and his competitors. Either or both may guarantee his failure if the prices he has to charge make his product unattractive to the consumer in relation to those of his competitor. The management of regulated industries faces another problem, that of convincing the regulatory bodies that a price increase is warranted. This, as we in the telephone industry have found, is quite an undertaking and involves long delays during which labor costs continue to mount and prices remain fixed. This may help explain to you why utilities as a general rule do not like long-term agreements with fixed increases in labor costs and why they are so allergic to the idea of retroactivity. In the case of long agreements, there is no assurance that the economic or political climate will be such as to obtain the necessary increase in prices and in the case of a retroactive increase in labor costs, it is certain that this will have to come out of the stockholder's pocket since utility rates are never retroactive.

It is most difficult to put oneself in the other fellow's shoes, but it seems to me that if I were a union leader my number one concern would

be the profitability of the employers whose employees I represented because one simply cannot pump water out of a dry well.

3. Production and Service

Another major problem of the businessman, in fact the one with which he is constantly preoccupied, is the maintenance of a steady flow of goods and services to his customers. In the manufacturing field it is called production, in the utilities we call it service. Maintenance of production involves more than just a steady flow of revenue to the company and the assurance of potential profit. The whole status of the organization is involved. In manufacturing, stoppage of production may well mean permanent loss of customers. It may also work incalculable hardship on customers who are depending on certain sources of supply and who may have made large financial commitments on the assumption that the source of basic material was assured. In the utility field there is nowhere else the customer can turn for service and while supervisory employees may furnish some service over considerable periods of time, many customers are bound to be inconvenienced and handicapped. Constant strife and turmoil tends in time to erode the reputation of the business in the community, and while the public generally seems more apt to blame the union than the employer for a strike situation since the union is generally the moving party in a dispute, a strike does not add anything to the status or reputation of either the business or the union.

And so we have here another important area in which the union appears in the role of a potential threat to production or service. I have no doubt that there has been many a settlement which simply could not be justified in economic terms and could only be explained on the basis that present production was more important than future peril for the business.

It is certainly incumbent on a union to get all it can for its members, and I appreciate that as contrasted to the problem of the management representative, the problem of the union representative is essentially a short-term one. However, with growing power and influence comes increasing responsibility, and I think one of the biggest problems unions face today is to make sure they do not take advantage of the weakness of an employer's bargaining position to the detriment of the long-run interests of the people they represent. I realize that the union representative has the problem of explaining and justifying his actions to the membership and that he is also suspect if he appears to be too sympathetic to the management. This presents a very large problem in worker education and I am sure that we have only begun to scratch the surface in this respect.

4. Prices

Pricing a product or service is a complex affair and one which is little understood by the average layman. I hesitate to talk about it for I am reminded of the farmer who was explaining to a weather bureau meteorologist how he was so successful in forecasting the weather. After getting pretty well tangled up he said, "Oh, hell, why should I try to explain it to you. I don't even understand it myself." One would almost gather from the way the subject is treated in the labor press that raising prices was a very simple exercise on the part of a businessman, almost like turning on a spigot and an operation which was undertaken with as about as little thought. Actually, next to stopping the flow of goods and services to customers the businessman is most reluctant to raise his prices because it is impossible to predict what the long-range consequences will be. In manufacturing, a price increase may result in loss of business

to a competitor or to another material or product. Our cousins in manufacturing sometimes envy those of us in the utility business because of this imagined lack of competition, but actually while there is only one telephone company or one electric company or one water company, the competition for the consumer's dollar is intense, and if a utility service becomes too expensive in the consumer's opinion there is no doubt that the consumer will curtail the use of the service. Rapid Transit Companies provide a classic example. A point is inevitably reached where a rate increase produces a net loss in revenue because of decreasing patronage.

And so management must inevitably regard the union as a threat to the maintenance of a stable price structure, an objective very dear to the heart of every businessman. The business sector of our economy is today very much concerned with the steady rise in unit labor costs and views with alarm what appears to be a growing tendency for unions to engage in a suicidal competition for larger and larger wage increases, far outstripping the productivity increases which can reasonably be expected. It seems to me that labor unions have got to do some real soul-searching to make sure that disregard for the effect of wage increases on the price structure may be doing everyone harm in the long pull. I hope you will not ask me how you do this and at the same time remain completely responsive to the demands of your membership, for it reminds me of the owl in the story which Henry Mayer of labor law fame tells so well. It seems that a centipede, who had the gout and was in great pain, was urged by his friends to consult an owl who had acquired a considerable reputation in handling matters of that type. The owl, obviously very sympathetic, thought a while and then said, "I think I can help you. Your trouble comes from the fact that you have so many feet. I think you would get great relief if you would convert

yourself into a four-footed creature." Obviously relieved, the centipede turned to go away then turned back quizzically and asked, "But how do you do that?" "Oh," said the owl, "that's your problem, I only set the policy around here." I do believe that the future will demonstrate that there must be more regard paid to the effect of wage increases on our general level of prices or both labor and management are going to get hurt. It does no good for either party to blame the matter on the other. There is no point in the businessman saying that labor unions are exclusively responsible for the rise in prices. Similarly, nothing is accomplished by the labor union blaming the whole thing on the profits of industry. The facts will not support either extreme. One thing is certain--if labor and business at the bargaining table do not show concern for the problem of inflation, the Government may well be obliged to step in and we may once again find ourselves producing goods and services which no one wants or needs for a price no one is interested in paying.

5. Organization

Except in a completely mechanical process it serves little purpose to accumulate capital resources and have no organization to operate them effectively. There has been a veritable flood of literature in recent years on the necessity for building today the organization for tomorrow. The urgency and importance of building tomorrow's organization has been increased by the rapid growth of industry generally and by a substantial increase in the levels of skills required as the production and distribution of goods and services have been becoming increasingly complicated and technical affairs. Here again unions pose a problem for management in building tomorrow's organization. If I were asked to mention the most

expensive clauses in a labor agreement, I would instinctively mention the seniority clauses, particularly seniority in promotion. It seems to me that if business is to build a competent organization to handle tomorrow's problems, the most competent people must be recognized for promotion, both within and out of the bargaining unit. I am all for the principle of seniority. The utility business by its very nature is a career type of business and no career type of business can be completely successful unless it does provide ever more rewarding job opportunities for the career people in the business. Wherever practicable, I am all for giving the senior employee the promotion. The hard fact of the matter is, however, that no two individuals are endowed with the same talents and skills and that disturbingly few individuals are endowed with the capacity for leadership. I am sure you must have found this to be so in your own affairs. As industry problems become more complex and higher skill levels are called into play you are going to find increasing resistance to strict adherence to seniority. Perhaps it will be necessary to make certain our seniority concepts are really up to date.

6. Advancing Technology

Startling progress is being made in finding new ways to produce the mountain of goods and services we consume annually in this country. Each new advance brings with it not only its own virtues but also the promise of more advancesto come. And so the years ahead appear to hold great promise of more mountains of goods and services, but if this promise is to be fully realized we shall have to make certain that the benefits are not absorbed by restrictive work practices.

Some of the new technology requires the investment of large sums of capital resources to replace human resources. Other advances make

UNIVERSITY OF ILLINOIS

possible new methods of performing a manual operation. In either event management must make maximum use of the potential of the new technology if real gains are to be achieved. Here again management views with concern some of the practices of trade unions. Most trade union people say "we are all in favor of technological improvements" and then comes that little word "but" followed by a lot of conditions.

Most responsible management representatives feel that they have an obligation to see to it that advancing technology causes as little disruption of the work force and the individual workman as possible. Much has been done and undoubtedly more can be done in the way of advance planning and re-training to make sure that no one gets hurt. At the same time I think management has a right to expect a mature and reasoned approach on the part of labor. I know this isn't just the easiest thing in the world because the membership can get pretty insistent when they are involved as individuals.

There are a number of wasteful practices which can go far to nullifying the gains inherent in new techniques. One is an insistence that no matter how simple an operation becomes it still must be performed by the same craft or work group which handled it historically. Another is the tendency to limit output even though the work operation is progressively simplified. Still another is to resist the reorganization of work operations to gain greater productive efficiency. Basically, the idea in some union thinking seems to be to maintain the same number of job opportunities in a particular occupation in spite of the fact that our industrial progress has come about from just the reverse--that is, constantly shifting our human resources to the activities where they can produce the most.

This is an area in which we are going to have to use balanced good judgment in the years ahead if we are going to get the most out of the products of the laboratories by using our human resources to the best possible advantage. It seems to me that there is going to have to be a great deal of worker education in this area and management cannot do the entire job. The unions are in an excellent position to make a worthwhile contribution in this field.

7. Efficient Use of Human Resources

Closely related to the problem of increasing productivity arising out of technological advances is the efficient use of the work force. It is in this area that I believe management would say that unions have been least helpful and have done the most to sap the productive power of industry. I would go so far as to say that there has been less enlightened self-interest exhibited by unions in this field than any other. I suppose that is to be expected in a democratic organization because the leaders simply must be responsive to the demands of the membership. It would seem, however, that here again is a fertile field for some worker education. Just the other day I was reading an address by an official of one of the railroad brotherhoods in which he was urging greater labor-management cooperation in curing some of the ills of the railroad industry. Now we all know that labor costs are only one of the many problems facing the railroad industry, but I couldn't help form the impression that the talk was just a bit late.

If organized labor expects to find a receptive ear at the bargaining table in achieving economic gains, it seems to me it will have to do everything it can to promote efficient operations. As labor costs increase, I think you will find increasing management resistance to demands which are advertised as non-economic but which in reality may be

more expensive than a whopping big wage increase. If management is going to discharge its responsibility to keep a healthy, profitable enterprise afloat for the good of everyone, it will have to take a firm position on some fundamentals.

"An honest day's work for an honest day's pay"--that good old A. F. of L. slogan which may have rusted a bit in a long period of full employment. I blame management a great deal for a tendency to accept something less than an honest day's work in a tight labor market. I don't think weak management makes your job any easier and I certainly don't think it's the union's job to police the work force. But I do think management has a right to expect that the union will not challenge management efforts to get a reasonable measure of efficiency and that it will not support rank-and-file efforts to lower quality as well as quantity standards.

Then there is the limitation of force flexibility by jurisdictional restrictions. This can be particularly wasteful in the outside operations of a utility if it requires more than one craft group to visit a work location. Hand in hand with this is a seeming preoccupation with the minutiae, if you will, of job descriptions. Now I don't think management should have the right to make a shambles of a bargained wage structure but I would hope you would find increasing resistance to the little restrictions that make for an inflexible work force.

Insistence on seniority as the sole basis for movement in the work force, either up or down or sidewise. I do not want to constantly harp on this subject but I think the management view is that strict adherence to seniority in all situations is very costly and introduces a great deal of rigidity in the administration of the work force.

8. Communication

The last problem area I want to mention is one of the most baffling. Whole libraries have been written on the subject and I'm not certain that we are too far along the road yet. Management simply has to do more to make certain that its objectives and its problems are understood and appreciated by the employee body, by the foremen and by the union. It is an educational undertaking of large dimensions and carries with it some rather interesting union-management relations problems. No small part of the job is the education of all levels of management to be more mature in dealing with unions and to the extent that this results in greater acceptance and more tolerance the union stands to benefit.

Now the minute one starts to educate employees in some of the problems of the business which affect their long-term welfare, unions frequently take the position that this is an attempt to undermine the union and win the worker's loyalty. This frequently results in a running verbal duel of the "who struck John" variety. The result is complete and utter confusion. I personally think this is short-sighted union policy. Father Purcell in his studies of worker loyalty has demonstrated that most employees want to be loyal to both the company and the union and find nothing at all inconsistent in this dual relationship. I think management should aim its educational programs in the direction of better worker understanding of the company's problems and that the union should accept this as a normal part of the employee-union-company relationship. It may well be that a better informed employee body would assist the union in taking an "enlightened self-interest" point of view toward technological changes and work force flexibility, for example.

Foreman education also presents formidable problems. Again and again union representatives will complain that what management says is company policy or intent at the bargaining table somehow goes astray in transmission and execution at the foreman level. Management, of course, has no monopoly on this problem--you undoubtedly have the same experience in your organization. More and more effort is being directed to improving communication lines to the foreman and I think this is making for more alert and skillful first line supervisors. As a matter of fact, when I'm asked what the principle contribution of an alert and aggressive union is to management, I just instinctively reply that it keeps managers on their toes and it has been my experience that if they are on their toes in handling labor problems they are equally alert in other matters.

The third problem management has in communications is with the union, and this is frequently the most difficult of all. Questions of what to tell, how much to tell, when to tell, etc., all lie in the judgment area. I think management must do a better job in the area of keeping the union informed of plans, programs and problems, but I think I can assure you that many management representatives are pretty gun-shy in this field of communicating with the union because they have had some painful experiences. What so often happens, and we might as well be perfectly frank, is that the union will not accept information in the spirit it is offered but immediately wants to get into the bargaining atmosphere, wants more information, more time to study, suggests alternate programs, requests delays in plans, etc., etc. This is particularly disturbing in those areas which rightly or wrongly management believes to be solely a management function and this may have tended to discourage this form of communication.

Summary

Now let's take just a minute to sum up. You may feel I have presented a formidable list of problems, all seeming to involve possible conflicts between labor and management and so I have. But I do not consider that any cause for pessimism or concern as to the ultimate value of business or unions as institutions in our society. The potential conflicts between labor and management are numerous and deep and basic to our type of economy and I hope they are going to continue. I have not the slightest interest in an idyllic state of labor-management relations. Sounds too much like the other side of the world to me.

I am a great believer that the experiences of the past are the most accurate barometer of things to come and I would remind you that collective bargaining is a mere infant in time. It has come a long way in a short span of years. The most hopeful symptom of things to come seems to me to be the great desire of people to engage in serious study of the problems of industrial relations. Your presence here is an example. It seems to me this growing knowledge of both parties of the problems of the other holds promise for greater recognition of areas where interests are mutual and more intelligent handling and accommodation of the areas of conflict.

In closing, I hope you will indulge me in one last story which I think has a moral implication for both of us. A scorpion, who was a poor swimmer, asked a turtle to carry him across a river on his back. The turtle protested that the scorpion would just sting him on the way over and they both would drown. However, he agreed to do it on the assurance of the scorpion that there would be no logic in that. Sure enough, half-way over the scorpion stung the turtle and they both went down. As they

reached bottom, the turtle resignedly asked, "Now what was the logic in that?" To which the drowning scorpion sadly replied, "Nothing--it's just my character."

And so I hope that in this quest both of us will not concentrate entirely on the material values and overlook the eternal values of our time for when the last chapter is written the survival of our economy may well depend on the application of moral and spiritual values. I can only wish us both good luck for unless both succeed, both surely will fail.

ILIR 3 (57-58)

/ad

BOUND BY

UNIVERSITY OF ILLINOIS-URBANA
331.1 IL65IN C002 [redacted] v. 6-32 (81)
Lecture series. w/o no. 4, 15, 17) 1949-1961
3 0112 087782436